

## **Assembly Bill No. 895**

### **CHAPTER 164**

An act to add Section 1374.19 to the Health and Safety Code, and to add Section 10120.2 to the Insurance Code, relating to health care coverage.

[Approved by Governor July 30, 2007. Filed with  
Secretary of State July 30, 2007.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AB 895, Aghazarian. Health care coverage: dental care.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, the willful violation of which is a crime, provides for the licensure and regulation of health care service plans and specialized health care service plans, including plans covering dental services. Existing law provides for the regulation of insurers by the Department of Insurance. Existing law imposes specified coverage and disclosure requirements on health care service plans and insurers. Existing law provides for, but does not require, a coordination of benefits in instances where coverage for a claim is available from more than one insurer or plan, as specified.

This bill would require a health care service plan or a specialized health care service plan contract covering dental services, or a disability insurer that issues a dental insurance policy, to declare its coordination of benefits policy, as defined, prominently in its evidence of coverage documents or in its contracts or policies with both enrollees or insureds and subscribers or policyholders. The bill would require an enrollee's or insured's primary dental benefit plan, as defined, that is coordinating dental benefits with one or more other plans or insurers to pay the maximum amount required by its contract or policy with the enrollee or insured or the subscriber or policyholder. The bill would require a secondary dental benefit plan, as defined, to pay the lesser of either the amount that it would have paid in the absence of any other dental benefit coverage or the enrollee's or insured's total out-of-pocket cost payable under the primary dental benefit plan for benefits covered under the secondary dental benefit plan.

Because a willful violation of the bill's requirements with regard to health care service plans would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

*The people of the State of California do enact as follows:*

SECTION 1. It is the intent of the Legislature that a health care service plan covering dental services, a specialized health care service plan contract covering dental services, and a disability insurer that issues a dental insurance policy, when acting as a secondary plan or insurer, shall pay the lesser of either the amount that it would have paid in the absence of any other dental benefit coverage, or the enrollee's or insured's total out-of-pocket cost payable under the primary dental benefit plan or policy for benefits covered under the secondary plan or policy.

SEC. 2. Section 1374.19 is added to the Health and Safety Code, to read:

1374.19. (a) This section shall only apply to a health care service plan covering dental services or a specialized health care service plan contract covering dental service pursuant to this chapter.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Coordination of benefits" means the method by which a health care service plan covering dental services or a specialized health care service plan contract, covering dental services, and one or more other health care service plans, specialized health care service plans, or disability insurers, covering dental services, pay their respective reimbursements for dental benefits when an enrollee is covered by multiple health care service plans or specialized health care services plan contracts, or a combination thereof, or a combination of health care service plans or specialized health care service plan contracts and disability insurers.

(2) "Primary dental benefit plan" means a health care service plan or specialized health care service plan contract regulated pursuant to this chapter or a dental insurance policy issued by a disability insurer regulated pursuant to Part 2 (commencing with Section 10110) of Division 2 of the Insurance Code that provides an enrollee or insured with primary dental coverage.

(3) "Secondary dental benefit plan" means a health care service plan or specialized health care service plan contract regulated pursuant to this chapter or a dental insurance policy issued by a disability insurer regulated pursuant to Part 2 (commencing with Section 10110) of Division 2 of the Insurance Code that provides an enrollee or insured with secondary dental coverage.

(c) A health care service plan covering dental services or a specialized health care service plan issuing a specialized health care service plan contract covering dental services shall declare its coordination of benefits policy prominently in its evidence of coverage or contract with both enrollee and subscriber.

(d) When a primary dental benefit plan is coordinating its benefits with one or more secondary dental benefits plans, it shall pay the maximum amount required by its contract with the enrollee or subscriber.

(e) A health care service plan covering dental services or a specialized health care service plan contract covering dental services, when acting as a secondary dental benefit plan, shall pay the lesser of either the amount that it would have paid in the absence of any other dental benefit coverage, or

the enrollee's total out-of-pocket cost payable under the primary dental benefit plan for benefits covered under the secondary plan.

(f) Nothing in this section is intended to conflict with or modify the way in which a health care service plan covering dental services or a specialized health care service plan covering dental services determines which dental benefit plan is primary and which is secondary in coordinating benefits with another plan or insurer pursuant to existing state law or regulation.

SEC. 3. Section 10120.2 is added to the Insurance Code, to read:

10120.2. (a) This section shall only apply to a disability insurer that issues a dental insurance policy pursuant to this part.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Coordination of benefits" means the method by which a disability insurer and one or more other disability insurers, health care service plans covering dental services, or specialized health care service plans, covering dental services, pay their respective reimbursements for dental benefits when an insured is covered by multiple disability insurers, or a combination of disability insurers and health care service plans or specialized health care service plans.

(2) "Primary dental benefit plan" means a dental insurance policy issued by a disability insurer regulated pursuant to this part or a health care service plan or specialized health care service plan contract regulated pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code that provides an insured or enrollee with primary dental coverage.

(3) "Secondary dental benefit plan" means a dental insurance policy issued by a disability insurer regulated pursuant to this part or a health care service plan or specialized health care service plan contract regulated pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code that provides an insured or enrollee with secondary dental coverage.

(c) A disability insurer that issues a dental insurance policy shall declare its coordination of benefits policy prominently in its evidence of coverage or insurance policy with both insured and policyholder.

(d) When a primary dental benefit plan is coordinating its benefits with one or more secondary dental benefit plans, it shall pay the maximum amount required by its policy with the insured or policyholder.

(e) A disability insurer that issues a dental insurance policy, when acting as a secondary dental benefit plan or insurer, shall pay the lesser of either the amount it would have paid in the absence of any other dental benefit coverage, or the insured's total out-of-pocket cost payable under the primary dental benefit plan for benefits covered under the secondary plan or policy.

(f) Nothing in this section is intended to conflict with or modify the way in which a disability insurer that issues a dental insurance policy determines which dental benefit plan is primary and which is secondary in coordinating benefits with another insurer or plan pursuant to existing state law or regulation.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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